

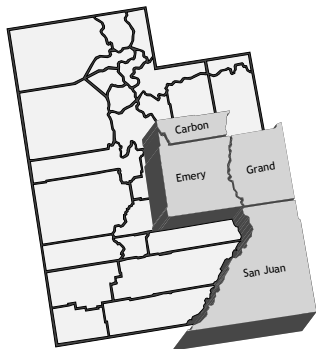
Workforce News



A quarterly publication of the Department of Workforce Services: issued March 2010

Southeast Utah: Carbon, Emery, Grand, San Juan

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Inside:

- › **Carbon:** Employment still falling, but at a rate less than the state average.
- › **Emery:** The unemployment rate drops as the economy expands over last summer.
- › **Grand:** Job losses continue to push the unemployment rate higher.
- › **San Juan:** Employment is still declining, but some manufacturing jobs are added.



Contact your regional economist, with any questions on content:

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Employment and Wages in the Coal Mining Industry

Workers in the coal mining industry receive some of the higher wages in the state. Overall, coal mining comprises only a small portion of the state's total employment. However, in those counties where it occurs, it accounts for a large share of the total county employment. As the Crandall Canyon Mine disaster of 2007 reminds us, coal mining is a dangerous occupation. Even

though the wages are higher than in many other occupations, workers need to weigh the benefit of high income against the risk of injury associated with mining jobs.

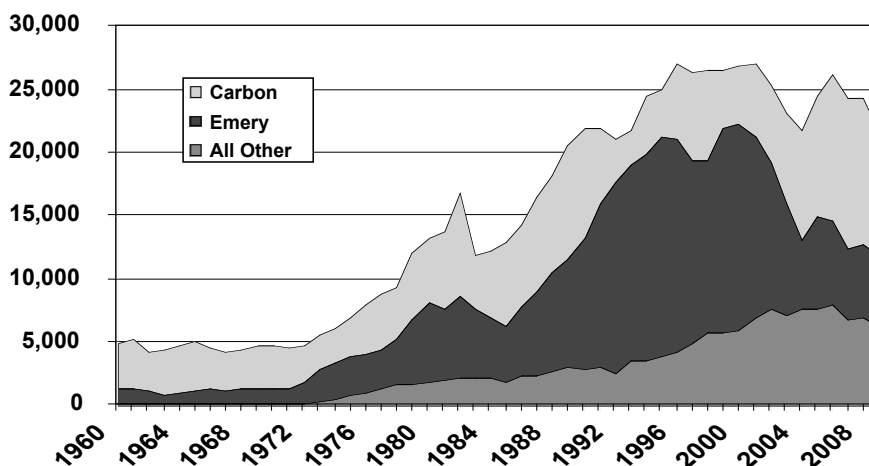
Utah Coal Production

Utah is the 14th largest producer of coal in the United States. The state

(continued)

Utah Coal Production, 1960-2009*

Thousand Short Tons



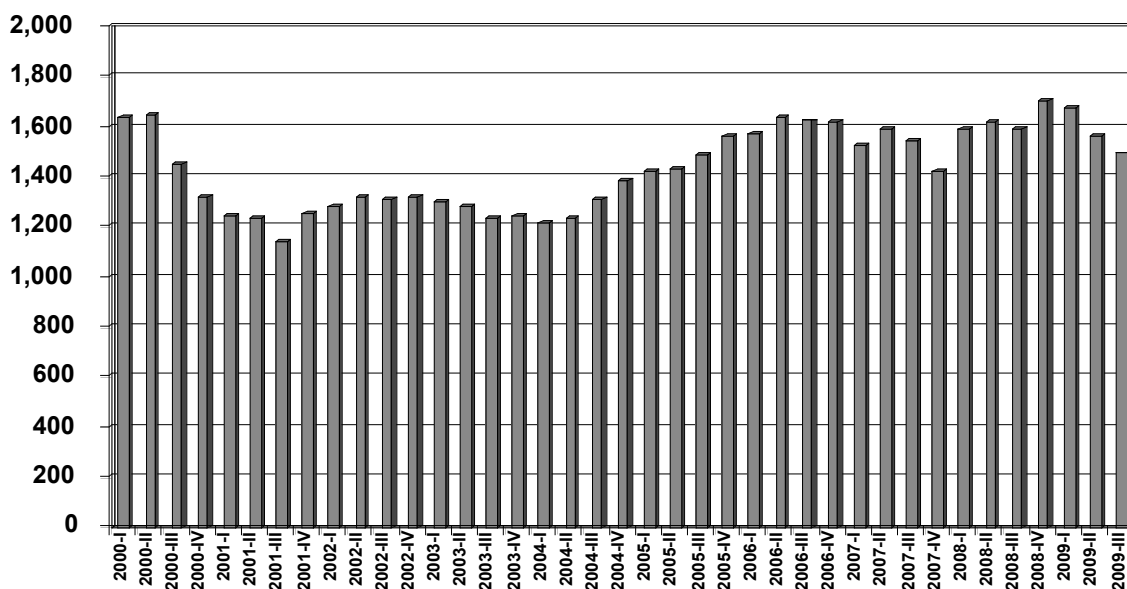
Source: Utah Department of Natural Resources, Geological Survey
*2009 is forecasted

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Coal Mining Industry (continued)

Total Coal Mining Employment in Carbon and Emery Counties

1st Quarter 2000 – 3rd Quarter 2009



Source: Utah Department of Workforce Services

regularly produces a surplus of coal, which is shipped to other states and foreign countries. In 2008, only 63 percent of Utah's coal was used within the state. In that same year, the largest out-of-state consumers of Utah coal as a percentage of Utah's total output were California (11 percent), Nevada (9.7 percent), and Alabama (7.3 percent). A little more than 85 percent of all coal mined is eventually used in coal-fired power plants to generate electricity. The relative abundance of coal in Utah helps explain why the state had the 7th lowest residential electricity price in the country as of October 2009.

Currently, only three counties in Utah

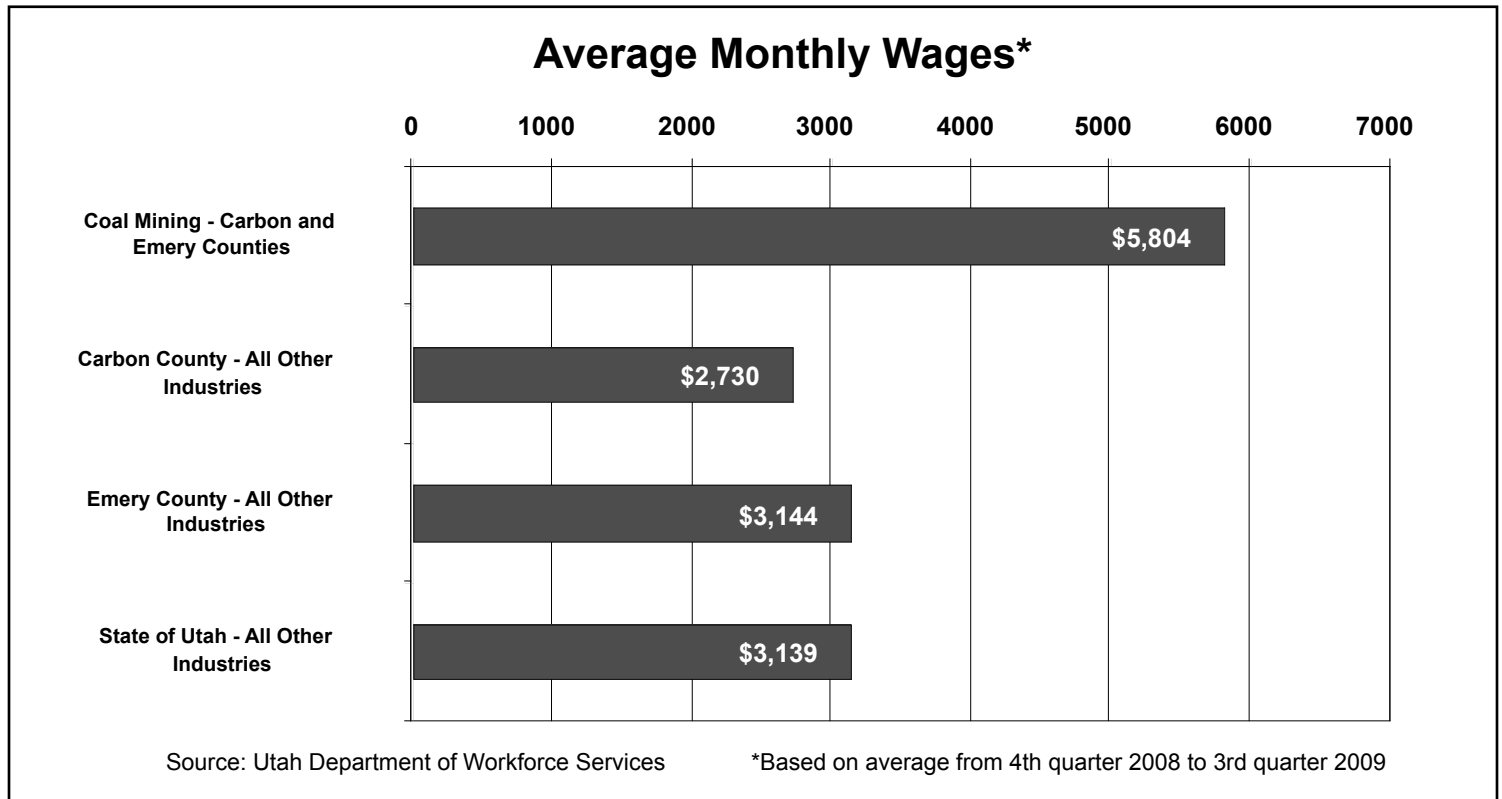
produce coal: Carbon, Emery, and Sevier counties. Of the total amount of Utah's coal mined in 2008, Carbon produced 47.5 percent, Emery 23.9 percent, and Sevier 28.6 percent. Over the past five decades, Carbon and Emery counties have produced the vast majority of the state's coal. These two counties have accounted for just over 81 percent of total production in Utah from 1960 to 2009 (see graph). Emery County can expect to see an increase in its share of total coal output when the Lila Canyon Mine begins production 2011.

Employment and Wages

From the 4th quarter of 2008 to the

3rd quarter of 2009, there was an average of 1,997 coal mining jobs in the state. Just over 80 percent of these jobs were in Carbon and Emery counties. The importance of coal mining to these counties can be understood by looking at the share of mining jobs as a percent of total county employment. While coal mining employment accounts for less than 0.2 percent of total statewide employment, 11 percent of all jobs in Carbon County are coal mining jobs. In Emery County, the proportion of mining jobs to total employment is even higher at 14 percent. These percentages measure only direct employment within the coal mining industry

Coal Mining Industry (continued)



and they ignore the additional portion of employment that can be viewed as indirectly attributable to the industry. The average number of coal mining jobs in both Carbon and Emery counties has been about 1,440 over the last decade. Employment does not appear to fluctuate systematically in relation to periods of recession (see graph). The decline in coal mining employment in 2001 does appear consistent with the recession of that period. However, as total employment was contracting at both the state and national levels during 2008, coal mining employment was increasing. As shown in the chart, coal mining wages are much higher than the aver-

age paid in all other industries. Instead of producing two separate coal mining wage figures for Carbon and Emery counties, the average monthly wage was calculated using the combined coal mining wages paid in both counties in order to prevent disclosure of confidential information. The average monthly wages for all other industries are based on total wages and employment by county/state after removing coal mining wages and employment from the totals. Coal mining wages were 85 percent higher in Emery County and more than 112 percent higher in Carbon County as compared to wages in all other industries in the respective counties.

Average annual mining employment in Carbon and Emery counties has only increased by 7.6 percent from 2000 to 2008, which is less than half of the total employment growth for the state during the same period. Future job growth appears to be low-to-moderate as compared to employment in other industries in Utah. Nevertheless, given the country's dependence on coal to produce electricity and the current lack of economically feasible alternative energy sources, coal mining should continue to be a stable source of jobs in Carbon and Emery counties well beyond the next decade. **WFN**

County News

Carbon County:

Job losses were still occurring in September 2009 in Carbon County, but the 4.7 percent year-over decline was smaller than Utah's 5.3 percent slide. About 58% of the 466 jobs lost were in the mining industry. With 74 jobs removed from construction and 51 fewer in manufacturing, the goods-producing industries accounted for 85 percent of total job losses. In the service sectors, the majority of job losses occurred in wholesale and retail trade (-103), professional, scientific, and technical services (-82), and government (-76), but some of these losses were offset by gains in the leisure and hospitality industry (115). The unemployment rate dropped one-tenth of a percent in December to 7.5 percent.

Third quarter taxable sales were down by 22 percent as compared to the year before and total construction permit values through November were 13 percent lower. Initial unemployment claims for 2009 were 68 percent higher than in 2008.

Emery County:

The economy in Emery County was generally performing well during the summer months. The year-over job increases for August and September were 2.5 percent and 2.0 percent, respectively. In September, the economy added 27 mining jobs and 64 construction jobs, which were offset by 12 job losses in the service sectors. The unemployment rate fell slightly to 7.5 percent.

Taxable sales were only 4 percent smaller in the third quarter of 2009 than in the previous year, which is only half of the 8 percent drop in total sales for the state. Construction permit values up to November 2009 are still 21 percent lower than in 2008. Initial unemployment claims for 2009 were 68 percent higher than in 2008, which is about the same as in Carbon County.

Grand County:

Employment contracted by 4.1 percent in September 2009 from the year before. Of the 208 jobs lost, 27 percent were in the goods-producing sector and they were primarily construction (-39) and manufacturing jobs (-12). The two service sector industries with the largest job losses were wholesale and retail trade (-51) and leisure and hospitality (-42). These job losses pushed the unemployment rate up to 8.7 percent in December.

Grand County's third quarter taxable sales were down only 5 percent as compared to the third quarter of 2008. Total construction valuation through November was actually 8 percent higher than in 2008. Another good sign is that initial unemployment claims were only 29 percent higher in 2009 as compared to 2008, which is one of the lower increases in the state.

San Juan County:

The economy continues to contract in San Juan County, but the 3.5 percent year-over decrease in jobs for September 2009 is still smaller than the state average. The goods-producing sectors created jobs in September 2009. Although 66 construction jobs were lost, they were almost exactly offset by a gain of 62 manufacturing jobs. The mining industry added 33 workers to their rolls. Most of the service industries lost at least a few jobs. The two largest decreases occurred in professional and business services (-58) and accommodation and food services (-59).

Taxable sales were virtually unchanged in the third quarter of 2009 as in the previous year. Total construction valuation through November 2009 was down 39 percent. Initial unemployment claims were 49 percent higher in 2009 over 2008, which is actually lower than the state average of 66 percent. **WFN**

What's Up?

"Government stimulus money represents a massive effort to pull the nation out of one of the worst economic downturns in recent memory. In Carbon County, **federal stimulus grants** total around \$13,446,000. Such funds have covered a diverse range of projects ranging from road construction to education. One local project that has, so far, received \$1,141,225 is a program in Price that provides weatherization for low income families' homes. While the program has offices in Price, it also serves Emery, Grand and San Juan counties. Improvements can range from new insulation, to weather stripping, and even new furnaces if old ones prove to be less efficient than what is considered standard."

– *Sun Advocate*

"America West Resources Inc., a Salt Lake City-based coal company, said it has signed a binding letter of intent to purchase a coking coal facility in China. After the deal is finalized, America West expects to invest \$70 million into the Luxin coal plant in Shanxi Province in northeastern China. While Chinese coal will supply the plant's short-term needs, Baker noted that America West has purchased metallurgical coal reserves in the Book Cliffs field in Carbon County. That Utah coal, still in the early stages of development, could be exported to Luxin when Chinese sources are used up. America West also operates the Horizon mine north of Price."

– *Salt Lake Tribune*

"A federal agency's rush to sell oil and gas leases in Utah near national parks, wilderness-quality lands and Nine Mile Canyon's archaeological treasures is at the center of **drilling reforms** unveiled by Interior Secretary Ken Salazar. A federal judge last January halted the sale's progress, then blocked leases on 77 parcels near Arches and Canyonlands national parks, Dinosaur National Monument, and Nine Mile Canyon. Salazar's reforms mean the oil and gas industry still can nominate public-land parcels for lease sales, but before the sites are listed, BLM professionals will conduct on-the-ground analyses for potential resource conflicts. The agency also will curb use of so-called categorical exclusions, which allow one broad environmental-impact statement on a drilling application to serve for all subsequent requests for drilling permits in the same area."

– *Salt Lake Tribune*

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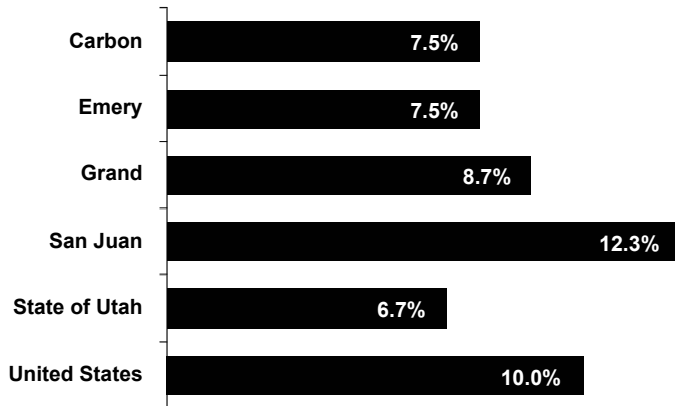
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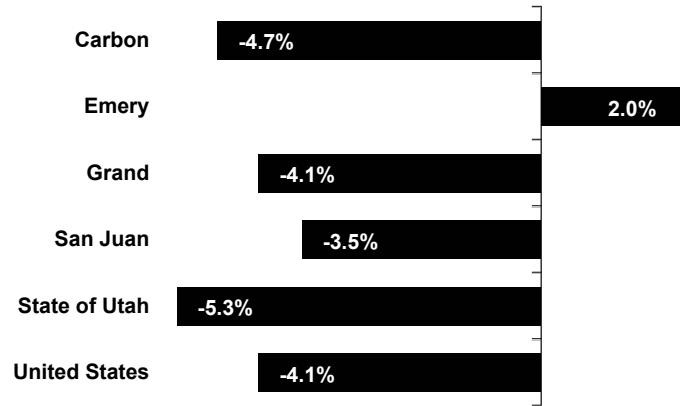
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**Seasonally Adjusted Unemployment Rates
December 2009**



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

**Percent Change in Nonfarm Jobs
September 2008 to September 2009**



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

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